



## Transnational Public-Private Partnerships in International Relations

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Making Sense of Concepts, Research Frameworks  
and Results

Marco Schäferhoff/Sabine Campe/Christopher Kaan



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## **Transnational Public-Private Partnerships in International Relations: Making Sense of Concepts, Research Frameworks and Results**

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### **Abstract**

Transnational public-private partnerships have become a popular theme in International Relations (IR) research. Such partnerships constitute a hybrid type of governance, in which non-state actors co-govern along with state actors for the provision of public goods, and thereby adopt governance functions that have formerly been the sole authority of sovereign states. Their recent proliferation is an expression of the contemporary reconfiguration of authority in world politics that poses essential questions on the effectiveness and the legitimacy of global governance. Significant issues are at stake concerning whether transnational public-private partnerships can in fact deliver public goods in an effective and legitimate way. This article surveys the literature with regard to three central issues: It addresses the questions why transnational public-private partnerships emerge, under which conditions they are effective, and under which conditions they are legitimate governance instruments. The article demonstrates that, at present, research on transnational public-private partnerships is theoretically under-informed and suffers from poor research designs. As is pointed out in the course of the article, future research on transnational public-private partnerships could benefit from well-known IR theories on international institutions, from compliance theories in particular. Applying these IR theories to partnerships opens up the possibility for the systematic comparative research that is necessary to obtain conclusive knowledge about transnational public-private partnerships.

### **Zusammenfassung**

Transnationale öffentlich-private Steuerungsformen (public-private partnerships) haben sich zu einem bedeutenden Forschungsgegenstand der politikwissenschaftlichen Teildisziplin Internationale Beziehungen entwickelt. Transnationale Partnerschaften stellen eine hybride Form von transnationaler Governance dar, bei der nicht-staatliche Akteure zur Herstellung von öffentlichen Gütern direkt in politische Steuerungsprozesse einbezogen werden und Steuerungsfunktionen übernehmen, die vorher in der alleinigen Autorität souveräner Staaten gewesen sind. Öffentlich-private Partnerschaften werfen zentrale Fragen bezüglich der Effektivität und Legitimität von Global Governance auf. In diesem Arbeitspapier wird die Literatur über transnationale Partnerschaften im Hinblick auf drei zentrale Fragestellungen untersucht. Zunächst werden die Entstehungsbedingungen von transnationalen Partnerschaften beleuchtet. Daran anschließend wird diskutiert, ob und unter welchen Bedingungen transnationale Partnerschaften effektive Governance-Instrumente sind. Schließlich wird die Literatur auf die Fragen hin analysiert, ob und inwieweit öffentlich-private Partnerschaften legitime Governance-Formen darstellen. Wie die Diskussion der gegenwärtigen Forschung zeigt, mangelt es an theoriegeleiteten Vergleichsstudien. Der Artikel zeigt, dass die Forschung zu transnationalen Partnerschaften von Theorien zu internationalen Institutionen, insbesondere von *compliance*-Theorien, profitieren kann.

## 1. Introducing transnational public-private partnerships<sup>1</sup>

Transnational public-private partnerships (PPPs) have become a research topic of central importance for the discipline of International Relations (IR). These transnational institutions constitute a hybrid type of governance, in which non-state actors, such as transnational corporations (TNCs) and non-governmental organizations (NGOs), co-govern along with state actors and adopt governance functions that have formerly been the sole authority of sovereign states.<sup>2</sup> Transnational partnerships are therefore understood as an expression of the ongoing reconfiguration of authority in world politics, and reflect that “the state is no longer the sole, or in some instances even the principle, source of authority” (Hall/Biersteker 2002: 5). Over the past decade, the number of transnational PPPs has risen significantly, and today one can find them in almost all policy areas (Broadwater/Kaul 2005: 5).<sup>3</sup> Yet opinion is deeply divided on what the emergence of partnerships means for governance beyond the nation-state. Many, scholars and practitioners alike, consider PPPs as a response to both state- and market-failure, and argue that PPPs improve the effectiveness and legitimacy of governance in a globalizing world (Reinicke/Deng 2000: 20). Others, on the contrary, criticize partnerships for being an instance of the ‘privatization of world politics’, and claim that partnerships mainly serve business interests but not the public good (Brühl et al. 2001). As these diverging perspectives on partnerships indicate, significant issues are at stake in the question of whether transnational PPPs can in fact deliver public goods in an effective and legitimate way. Yet, instead of ascribing transnational partnerships a priori the status of effective and legitimate governance tools, or, at the other extreme, dismissing them out of hand, we argue that transnational partnerships need careful examination. In this article, we survey the literature on transnational public-private partnerships with regard to three central research questions. First, we ask why transnational partnerships emerge. Second, we address the question under which conditions PPPs are effective governance tools. Third, we ask if and to what extent PPPs are legitimate forms of governance.

We start off with the crucial issue of defining transnational PPPs in the first section of this article. Many definitions of the term ‘transnational public-private partnership’ can be found in the literature, which makes it difficult to compare the outcomes of studies. Such being the case, we discuss the PPP definitions that we have found, and by doing this, deduce our own definition that we regard as appropriate for further analytical research on transnational PPPs. We then briefly recapitulate the lively debate on transnational partnerships and point out that fairly strong arguments were not always backed by empirical evidence.

<sup>1</sup> This article is an outcome of the Research Project D1 ‘Transnational Public Private Partnership for Environment, Health, and Social Rights’, which is part of the Research Center ‘Governance in Areas of Limited Statehood’ (<http://www.sfb-governance.de/ppp>). We thank Marianne Beisheim, Anna Holzscheiter, Markus Lederer, Ursula Lehmkuhl, Andrea Liese, Thomas Risse, Cornelia Ulbert, Zeljko Brannovic, Anke Draude, Torben Heinze, Nicole Helmerich and Cord Schmelzle for helpful comments on earlier versions of this article.

<sup>2</sup> Transnational Relations are defined as “regular interactions across national boundaries when at least one actor is a non-state agent” (Keohane/Nye 1971: xii).

<sup>3</sup> See Reinicke/Deng (2000); Esty/Ivanova (2002); Ivanova (2003); Witte et al. (2003); Bailes (2004); Witte/Reinicke (2005); Broadwater/Kaul (2005); Utting/Zammit (2006); Buse/Harmer (2007).

In section two, we then present theoretical approaches and empirical findings relating to the question of why transnational public-private partnerships emerge. Since PPPs are geared to the provision of public goods, understanding their formation is essential. Scholars have brought up a number of arguments to explain the emergence of partnerships, which we present in the course of this section and verify to what extent these arguments are matched by empirical evidence. In this context, we also point out that research on transnational PPPs could benefit from studies on national public-private partnerships (Rosenau Vaillancourt 2000). By applying institutional economics, these studies were able to further specify the conditions under which actors have incentives to form PPPs. This account may also add to a better understanding about the emergence of transnational PPPs.

In the third section, we survey the PPP literature in terms of effectiveness. With reference to Oran Young (2002: 14), we refer to two concepts of effectiveness, simple performance and complex performance. While simple performance relates to the contributions that an institution makes to solve a specific problem, complex performance is a broader concept that also takes unintended side-effects into account. As we stress in the article, partnerships can be highly effective in terms of simple performance, but could have serious unintended side-effects that offset their achievements and hinder effective global governance. With regard to effective simple performance, the literature points to the significance of the institutional design, but most studies fail to reflect this argument theoretically. Peter Utting and Ann Zammit have recently stated that contemporary PPP research lacks “robust analytical frameworks (...) to make useful comparisons or draw practical conclusions” (Utting/Zammit 2006: iv). We also see the urgent need for theory-based comparative research on transnational partnerships, but on the other hand, we argue that the PPP literature has largely ignored well-known IR theories. Applying theories of international institutions and compliance theories on transnational PPPs opens the possibility for systematic comparative research (Beisheim et al. 2005: 4-5). In other words, IR theory offers the requested theoretical frameworks to shed light on the conditions under which partnerships are effective governance tools.

In section four, we examine studies that have concentrated on the legitimacy of PPPs. Transnational partnerships raise crucial questions of legitimacy because „unelected“ non-state actors are directly involved in political steering. While political science as a discipline lacks a coherent theory of legitimate global governance, IR literature points to three mechanisms through which the legitimacy of global governance can be enhanced, namely, inclusiveness, accountability and deliberation (Dingwerth 2007: 12). We will use these three concepts as a framework to present the empirical findings from the PPP literature in a systematic way.

### 1.1. Defining transnational public-private partnerships

Transnational public-private partnerships are debated as hybrid governance forms through which the political authority of non-state actors has extended. Instead of influencing global governance through lobbying, non-state actors are directly involved in political steering, and co-govern along with state actors. Yet the phenomena labeled transnational public-private partnerships range from loose cooperation forms to legally binding contracts for the implementation of specific projects. Partnerships contribute to agenda setting, policy implementation and formulation, and deal with a range of issues, such as climate change, biodiversity protection, health, corporate social responsibility, and humanitarian aid (Reinicke/Deng 2000; Broadwater/Kaul 2005; Benner et al. 2005).<sup>4</sup> Such being the case, it is difficult to describe the population of transnational PPPs. A data base including all PPPs has not been established so far. According to Broadwater and Kaul, there are at least 400 partnerships – compared to 50 in the 1980s –, addressing global challenges, such as the control of communicable diseases and the fight against climate change or poverty (Broadwater/Kaul 2005: 6). Yet, as highlighted by the authors, their data base is far from extensive, and has, for instance, not incorporated most of the roughly 300 „Type 2“ partnerships, which were launched at the World Summit on Sustainable Development (WSSD) to address the implementation of the WSSD principles (Hale/Mauzerall 2004; Andonova/Levy 2003). Several studies estimate that almost 100 partnerships emerged alone in the health sector in the last few years (Utting/Zammit 2006: 14; Carlson 2004), though there is one study that applies a narrow PPP definition, and therefore counts only 23 global health partnerships (Buse/Harmer 2007: 260).<sup>5</sup> This variance illustrates the crucial fact that the term transnational public-private partnership is not clear-cut, and that, depending on the definition, different scholars find a different „universe“ of PPPs. As a commonly accepted definition of the term has not emerged yet, and as a clear understanding of the meaning of the term is lacking, the comparability of empirical studies is low. For this reason, we will discuss PPP definitions from the literature, and thereby deduce our own definition of transnational PPPs, which we regard as appropriate for future analytical research. As we discuss in the following, PPP definitions can be comprised of three criteria, namely, actors, goals, and provisions for cost-benefit sharing.

First, the bottom line of all definitions is that transnational public-private partnerships are continuing and relatively institutionalized transboundary interactions, which include public actors, such as governments and international organizations, and private actors. However, definitions differ on the term private actor. One group of authors opts for a broad understanding of this term, and includes both business and civil society organizations (Nelson 2002: 46; Utting/Zammit 2006: 1; Börzel/Risse 2005: 198). A second group applies a narrower definition, referring to for-profit organizations only, which means that the participation of a for-profit actor becomes a definitional criterion for transnational PPPs (Bull/McNeill 2007: 6; Buse/Harmer

<sup>4</sup> Tesner, for instance, sees four functions of PPPs, stating that they are active in policy formulation, awareness raising and advocacy, fundraising, and the execution of project and operations (Tesner 2000: 72; see also Reinicke/Deng 2000: 22-55; Börzel/Risse 2005: 198-199; Bull/McNeill 2007: 12-20).

<sup>5</sup> Buse and Harmer count only initiatives that have a public actor and a for-profit actor in a decision-making body (Buse/Harmer 2007: 259).

2007: 259; Broadwater/Kaul 2005). While the latter group of authors usually fails to justify why the inclusion of for-profit actors is conceptualized as a definitional criterion for PPPs, a broad understanding of the term private actor is grounded in governance theory. From a theoretical perspective, it can be argued that it makes no difference whether for-profit or civil society organizations are involved in political steering processes of partnerships. As theorized in the governance debate, the traditional hierarchical relationship between government actors as 'subjects of control' and private actors as 'objects of control' is diminishing. Both for-profit and civil society organizations, which were formerly simply seen as rule-targets, are increasingly involved in the formulation and implementation of rules (Mayntz 2006: 15; Rhodes 1996: 660). Following this line of argument, we understand the term private actor in its broad sense. Along with state actors, partnerships can therefore be comprised of for-profit and/or civil society organizations.

The second criterion relates to the goals of transnational PPPs. The majority of studies argue that PPPs aim at the provision of public goods, while malevolent cooperation forms, such as terrorist networks or the mafia, are excluded from definitions for the simple reason that these networks are not delivering public goods but public bads (Beisheim et al. 2007: 327; Utting 2002).<sup>6</sup> This concentration on public good provision corresponds with the broader perspective of governance research. Governance, as pointed out by Mayntz, refers to the various collective modes of regulating social matters, which means that it inherently entails a perspective on solving collective problems (Mayntz 2006: 15-16). In accordance with the literature, we would argue that transnational partnerships formally intend to deliver public goods. On the other hand, we reject the claim that PPPs have to be effective and successful in fulfilling this task, because definitions of partnerships become problematic when effectiveness standards become a definitional criterion. If an institution only qualifies as a partnership when it "is a mutually beneficial agreement" (Tesner 2000: 72) – meaning if it effectively furthers the interests of all participating actors –, failing partnerships are excluded by definition. Such definitions are troubling, because they constitute circular arguments, which impede research designs that aim at analyzing the effectiveness of transnational partnerships. This problem was already discussed in the research on international regimes fifteen years ago (Hasenclever et. al. 1997: 15). In the regime literature, one group of authors argued for a regime definition that includes the attribute of „rule effectiveness“. For a regime to exist, it was required that its members comply with its rules, at least to a minimal degree. Yet, these definitions were criticized for methodological reasons. As pointed out by Keohane, it is problematic to base the acknowledgement of a regime on the empirical observation of rule effectiveness, as "the usual order of scientific investigation, in which description, and descriptive inference, precede explanation" is inverted (Keohane 1993: 28). While research "would be for ever stuck at the first level: identifying the phenomenon to be studied (...), the key theoretical issue – the relationship, if any, between regimes and state behavior – would become a definitional question" (Keohane 1993: 28). In other words, if rule-effectiveness becomes a part of the definition, a regime – by definition – cannot be ineffective, which averts a non-tautological examination of a regimes' effectiveness. The same applies to

6 Public bads are defined as activities that cause public disutility (Kaul et al. 1999: 6).

transnational partnerships. Studies that examine PPPs as catalysts for the provision of public goods have to separate ‘cause’ – a partnership between public and private actors, based on a formal agreement to provide public goods – and ‘effect’, the concrete provision of the public good. For this reason, we opt for a PPP definition that refers to the formal goal of providing public goods but that does not imply any effectiveness standards. Otherwise, failing partnerships are excluded by definition, and studies that aim to examine the effectiveness of partnerships are precluded. Instead of being part of the definition, we regard to what extent a partnership proves to be effective as a central research question.

Definitions of transnational partnerships can finally elaborate on how the responsibilities as well as the costs and benefits should be distributed among the participating actors. Such definitions can include broad statements about the responsibilities of actors, or very specific cost-sharing provisions. Nelson, for instance, states that the participating actors should “share risks, responsibilities, resources, competences and benefits” (Nelson 2002: 46). The World Bank asks “all parties [to] commit [...] resources (financial, technical or personal) to agreed activities, with a clear division of responsibilities and distinct accountabilities for achieving those goals” (cited in Tesner 2000: 71). The assertion that responsibilities and contributions should be shared among the partners, however, is a normative presumption, which should be avoided from the angle of analytical research. Rather, it is up to empirical research to study if and to what extent contributions are equitably shared among the different partners. For this reason, it is better to exclude statements about shared responsibilities from the definition. Additional to these broad statements, there are also definitions that refer to the concrete handling and management of projects, and feature specific ratios for cost-and-benefit sharing. The German development agency GTZ, for example, requires business partners to account for at least 50 percent of the project costs (GTZ 2005).<sup>7</sup> Although such definitions make sense for practitioners, for academic purposes, it is not useful to apply too detailed definitions to the analysis of transnational PPPs. The institutional designs of the different arrangement are very diverse and cannot be captured with such detailed provisions on costs and benefits.

To sum up, transnational PPPs are continuous and relatively institutionalized transboundary interactions between public and private actors that formally strive for the provision of public goods, whereas private actors can be for-profit and/or civil society organizations. Measures of effectiveness or success are not part of the definition, because this excludes failing partnerships and averts research on the effectiveness of PPPs. To avoid normative stances, and because of the wide diversity of PPPs, the sharing of responsibilities as well as of costs and benefits is also excluded from the definition. We therefore define transnational public-private partnerships as *institutionalized transboundary interactions between public and private actors, which aim at the provision of public goods*.

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<sup>7</sup> GTZ stands for „Deutsche Gesellschaft für Technische Zusammenarbeit“.



## 1.2. Debating transnational public-private partnerships

The academic discourse on transnational PPPs can be denoted as fairly polarized. One dominant strand within the PPP literature understands transnational PPPs as policy networks which strive for solving collective problems through the pooling of resources, skills, and expertise. Reinicke and Deng argue that partnerships respond to the mutual interests of the public and the private sector, and as a result, create win-win situations: “Trisectoral networks have the potential to pull diverse groups and resources together and address issues that no one sector can resolve by itself” (Reinicke/Deng 2000: 3). Partnerships are therefore, as we point out in the course of this article, believed to enhance the problem-solving capacity and the legitimacy of transnational governance (Benner et al. 2005: 70). In an increasingly interdependent world, it is assumed that PPPs are multiplayered and multilayered governance coalitions geared toward joint problem-solving instead of adversarial interest representation. Authors argue that PPPs open room for ad hoc coalitions of self-interested agents, are based on a decentralized flexible network structure, and have a strong focus on specific governance problems (Andonova 2006: 24). Studies from the field of New Public Management also underline that partnerships foster the efficiency of development assistance (Bangura/Larbi 2006). From this angle, PPPs can provide services more efficiently to the poor than governments, since they foster the build up of infrastructure, and help to encourage entrepreneurship and competition in developing countries (UNDP 2004: 6). Overall, proponents see PPPs as a response to both state- and market failure.

On the contrary, an opposing group of authors maintains that transnational partnerships are a phenomenon that reflects the „privatization of world politics“ (Brühl et al. 2001; 2004). From this perspective, partnerships serve particularly transnational corporations as the main proponents of the neoliberal paradigm. These authors disbelieve that partnerships promote sustainable development because of the doubt that developing countries share mutual interests with the corporate sector. As it is unlikely that win-win-solutions can be realized, partnerships will not promote but hinder development processes and further deepen the North-South divide (Richter 2003; Zammit 2003; Utting 2002; Whitman 2002). In particular with regard to the UN system, these authors claim that partnerships change the power-relationship between the corporate sector and the UN organizations and special agencies in favor of business. Corporations are increasingly gaining a significant, yet disturbing impact on the policy priorities of governmental agencies, something that in the worst case might even lead to agency capture (Ollila 2003; Beigbeder 2004; Utting/Zammit 2006).

As this short discussion shows, the academic discourse on transnational partnerships is quite polarized. But instead of ascribing partnerships a priori the status of effective and legitimate governance tools, or, at the other extreme, dismissing them out of hand, we argue that transnational partnerships need careful examination. As we will demonstrate in the subsequent sections, the research program on PPPs is still in an early stage. Currently, it is by no means clear why partnerships emerge, and if they can tackle global problems effectively and legitimately. In the following we will thus track the results research has brought up in terms of the emergence, effectiveness and legitimacy of transnational partnerships.

## 2. On the emergence of transnational public-private partnerships

The emergence of transnational PPPs has been examined from several well-known theoretical perspectives within the discipline of IR. By applying a neo-Gramscian approach, one group of authors asserts that partnerships are a political strategy through which business aims to secure corporate hegemony (Levy/Newell 2002: 84; Utting 2002: 26; Blowfield 2005). Partnerships emerge because corporations want to respond to the pressure from the anti-globalization movement by proactively accommodating oppositional claims, whereas this behavior occurs out of the interest to stabilize the hegemonic capitalist worldview and to reproduce a corporate-friendly global governance system (Utting 2002: 5).<sup>8</sup> Constructivist authors, on the contrary, argue that a new 'global public domain' is emerging, which is constituted by the interaction of state and non-state actors (Ruggie 2004: 519). The production of public goods is, from this angle, no longer the responsibility of state actors alone but is increasingly accomplished within this new institutional arena in which non-state actors – NGOs and companies – have accepted responsibility for the provision of public goods. This argument is based on constructivist ontology, because corporations and NGOs are perceived as norm-guided actors that respond to the expectations generated in this new institutional arena (Ruggie 2004: 519). Although constructivist and neo-Gramscian approaches are increasingly debated in order to account for the emergence of transnational partnerships, systematic studies that support these arguments are very limited. At the moment, the majority of work in the PPP literature refers either to a functionalist explanation, or explains the formation of partnerships through incentives of individual actors.

A functionalist argument in the IR literature claims that new forms of governance generally, and transnational PPPs in particular, emerge because there is a functional demand for them. Authors purport that contemporary globalization processes cause complex transboundary problems, which create a demand for effective governance tools to tackle these issues (Reinicke/Deng 2000: 7; Rosenau 2002). Since state actors have failed to address these challenges, partnerships emerge as an innovative instrument better suited to target them. One author, for example, asserts that against the backdrop of globalization, state actors are overburdened and "can no longer do it alone" (Nelson 2002: 15). Another study predicates that state-actors encounter an "operational gap", and are incapable of effectively implementing policies (Reinicke/Deng 2000: 2). These authors suggest that state actors form transnational PPPs, because changing socio-economic structures force them to explore alternative instruments of policy making (Peters/Pierre 1998: 227). This argument is essentially based on a functionalist logic: changing structures create governance gaps, and as a result, a demand for state actors to form an effective response. Various studies have contested this functionalist explanation. A study on the WSSD partnerships reveals that these PPPs cannot be found in areas where institutional failure and governance gaps are exceptionally pronounced, but rather in areas in which partnerships correspond with the interests and capacities of northern donors and international organizations (Andonova/Levy 2003: 25). The WSSD partnerships are therefore not demand-driven but sup-

<sup>8</sup> Similarly, and by drawing on Foucault's concept of power, Blowfield argues that PPPs restrict the range of possible discourses to categories favoring business interests (Blowfield 2005: 182; Barnett/Duval 2005: 60).

ply-driven, as they reflect the interests of powerful northern actors but fail to incorporate the needs of developing countries. Another study, which concentrates on partnerships initiated by the German development agency GTZ, comes to a similar result by showing that these partnerships were mainly located in those developing countries that are attractive to business, but not in countries that have the greatest demand for innovative governance arrangements (Hoering 2003: 2). These studies underline that functionalist explanations suffer from a logical fallacy in their argumentation, as the examined partnerships did not emerge to close governance gaps but to advance the interests of specific actors (Andonova 2006: 8).<sup>9</sup>

Apart from this functional explanation, much of the work in the literature applies a different perspective and explains the emergence of partnerships with reference to incentives (Witte/Reinicke 2005: 23).<sup>10</sup> Partnerships are understood as institutions through which rational actors try to maximize their utilities and strive for an exchange of resources that they would not have access to otherwise. In contrast to functionalist explanations, „incentive-“ or „interest-based“ approaches are actor-centered in that they explain the emergence of institutions through the intentional behavior of actors. Instead of claiming that changing global governance structures create the necessity for actors to form alternative governance instruments, the starting point for interest-based approaches is the rational actor that strives for benefits. Many writings on transnational PPPs have referred to this argument, sketching out the interests of international organizations, TNCs, NGOs, and governments to participate in PPPs. With regard to international organizations, studies typically highlight that international organizations enter partnerships for additional resources (Bull et al. 2004: 483; Tesner 2000: 150). The crisis of publicly funded development cooperation, particularly the perceived financial crisis of the United Nations, has aggravated the trend to partner with business. Studies indicate that international organizations are increasingly confronted with highly technical issues for which they lack expertise, while business often has the skills and resources necessary to deal with today's development challenges (Witte/Reinicke 2005: 46). Business in turn participates in PPPs to receive access to public tenders. Public subsidies can reduce the costs for research and development – especially in the case of costly innovations – and may lower training and credit costs. Furthermore, corporations can gain new knowledge and reputational benefits for improving their public image (Andonova/Levy 2003: 21; UNIDO 2002: 5). Another incentive for corporations is the access to and the development of new markets (Witte/Reinicke 2005: 34). As the market for CO<sub>2</sub> emissions certificates within the framework of the Clean Development Mechanism under the Kyoto Protocol illustrates, completely new markets can be created through partnerships. With regard to NGOs, studies argue that NGOs have a general interest to participate, as partnerships open room for influencing global politics. Other incentives for NGOs can be greater publicity, and finally, the close contact to state-actors and business actors can also result in more consultancy work and service delivery contracts (Dingwerth 2004: 78; Andonova/Levy 2003: 21). Governments have incentives to enter partnerships, since the control over the formulation and implementation

<sup>9</sup> The *post hoc ergo propter hoc* fallacy of functional explanations denotes a process in which “institutions may be interpreted as having arisen because of the functions they must have served, when they in fact appeared for purely adventitious reasons” (Keohane 1984: 81).

<sup>10</sup> See Ruggie (2002); Andonova/Levy (2003); Dingwerth (2004); Andonova (2006).

of policies could possibly be increased through PPPs, and because governments can also be interested in the expertise and capabilities of non-state actors.

Though many IR accounts on transnational partnerships apply such an ‘interest-based’ approach, and state that the incentives of self-interested actors are a major driver for the emergence of PPPs, it can be argued that research on national public-private partnerships has already further specified the conditions for the formation of PPPs.<sup>11</sup> By applying institutional economics to the analysis of national PPPs, scholars were in particular able to show which conditions favor the foundation of national partnerships through governments (Eggers 2004). As this approach therefore addresses the question under which conditions public-private partnerships are most likely formed, this account may also add to a better understanding of why transnational partnerships emerge. In the following, we introduce three arguments from institutional economics, which, from our point of view, can also be applied to transnational PPPs (Mühlenkamp 2004).

First, the literature on PPPs at the national level argues that public actors enter PPPs because the cooperation with private partners forces them to overcome bureaucratic procedures and to base their actions on economic thinking that can increase their efficiency (Eggers 2004: 42). Through the participation in PPPs, public organizations are forced to replace general goals, such as „public welfare“, with measurable targets. This occurs because corporate partners face strong economic incentives to realize returns on their investments, and will push the public actor to establish clear targets, which leads to a more efficient mode of operation. Second, state actors will join partnerships with private actors if the latter have the expertise and capabilities necessary to implement projects, but which are not owned by the public sector. The building up of necessary capabilities is a risky endeavor for state actors, which can therefore benefit from forming a PPP, because they can outsource the risk induced by a project (Eggers 2004: 65). Third, if an externalization of tasks would have positive effects on the efficiency but is politically undesired, PPPs offer the possibility for state actors to contract out the task without losing control over the provision of services (Eggers 2004: 65). Yet, as the establishment of PPPs may induce high transaction costs, the decision of governments or intergovernmental organizations can further depend on an assessment whether these transaction costs outweigh the advantages of a PPP (Mühlenkamp 2004: 20). Taken together, new institutional economics has the potential to add to the explanations of why transnational PPPs emerge.

To sum up the section, it can be stated that different theoretical approaches have been applied to transnational partnerships, but nevertheless, there is still a lot of room for empirical research to examine the conditions which favor the emergence of PPPs. As the literature review has shown, the popular functionalist explanation has already been contested by empirical studies. Additionally, many accounts assume that transnational PPPs will most likely emerge when actors face the incentive to realize specific resources they would otherwise not obtain. As we have

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<sup>11</sup> On national PPPs, see Rosenau Vaillancourt (2000); Osborne (2000).

argued in this context, the assumptions of institutional economics that have already been applied to national PPPs can also be fruitful for the analysis of transnational PPPs.

### **3. On the effectiveness of transnational public-private partnerships**

In this section, we review the PPP literature in terms of effectiveness. Following Oran Young, we will refer to two concepts of effectiveness, namely, simple performance and complex performance (Young 2002: 14-15). While the concept of simple performance relates to the contributions that an institution makes to solve a specific problem, complex performance is a broader concept that also takes unintended side-effects into account. In the research on international regimes, from which these two concepts come, most of the thinking has concentrated on the evaluation of simple performance, say, for instance, the effective solution of an environmental problem. But an institution that scores high in relation to simple performance can create negative repercussions outside its primary issue area that offset its contributions, or even make things worse. We will therefore keep an eye on the findings of the complex performance of transnational PPPs as well.

At first, we survey the PPP literature in terms of simple performance. Analogous to the literature on international regimes, much scholarly attention has been directed toward assessing the simple performance of partnerships and the factors that determine their effectiveness. In order to provide a systematic overview, we will discuss the literature along the two dimensions of policy formulation (3.1.) and policy implementation (3.2.).<sup>12</sup> To exemplify the core arguments, the findings on the simple performance of PPPs in terms of policy formulation will be illustrated by an example from the environmental sector, namely, the World Commission on Dams, while the effectiveness in terms of policy implementation will be surveyed in relation to the implementation of CSR norms, with a special focus on the United Nation's Global Compact. Thus, when we use the term effectiveness in these two sections, we speak about effectiveness in the sense of simple performance. We will then focus on complex performance (3.3). Although partnerships are intended to supplement rather than replace the policy formulation and implementation efforts of state actors, they may have serious, unintentional side-effects, which could even distort the policies of state-actors. In other words, even when single partnerships are highly effective regarding their simple performance, they could have unintentional side-effects that may hinder effective global governance. This aspect is captured through the concept of complex performance. To illustrate, this aspect will mainly be discussed in the context of development and global health politics.

<sup>12</sup> Policy formulation and implementation are the two central stages of the policy cycle, which usually comprises the four phases of agenda setting, policy formulation, policy implementation and policy evaluation (Jann/Wegrich 2003: 72).

### 3.1. Simple performance of transnational PPPs in terms of policy formulation

The first purpose of partnerships is the development of norms and policies. One often quoted example is the World Commission on Dams (WCD), which was created as a trisectoral initiative to generate standards for the construction, operation and shut-down of large dams. While the construction and operation of dams was perceived as a major cause of social, environmental, and economic problems, international guidelines in order to facilitate the success of dam projects and to evaluate the „development effectiveness“ of dams had been lacking.<sup>13</sup> In 1997, the World Bank initiated the WCD to develop international guidelines to answer the question under which conditions the international community should assist dam-projects (Khagram 1999: 7). As the guidelines were only finalized in 2000, it is too early to assess whether the WCD standards have been effective for the encouragement of sustainable development. Nevertheless, this transnational policy formulation process is regarded as effective, because the WCD guidelines are considered as an important informal framework to which governments, international organizations, operating corporations, and NGOs refer as a discursive frame of reference in their day-to-day work. Furthermore, the European parliament has referred to the WCD standards, stating that large dams built according to the WCD guidelines may qualify for the European emissions trading scheme and the Kyoto protocol's flexible mechanisms (Dingwerth 2007: 52; Khagram 2004).<sup>14</sup>

Advocates of partnerships point to the WCD as a prime example of transnational norm-setting, which confirms the commonly held assumption that the most effective standards are ones that are generated by initiatives comprising multiple stakeholders (Reinicke/Deng 2000: 19; Brinkerhoff 2002: 1301; Goulet 2005: 882). And in fact, the WCD has managed to mobilize a large spectrum of interests and included representatives of both the pro-dam lobby and the anti-dam movement (Khagram 1999: 8). The literature points to three arguments as to why the inclusion of a broad range of actors increases the effectiveness of partnerships in terms of policy-formulation. First, the inclusion of many stakeholders brings in the “necessary technical, regional, social, and political information” into the process of policy generation (Brinkerhoff 2002: 1301). Hence, advocates assert that pooling resources will increase the problem-solving capacity of governance.<sup>15</sup> Second, authors claim that the inclusion of norm-targets in the norm-setting process increases the likelihood of compliance with norms: “The entire [norm-setting] process was predicated on the participation of all stakeholders and representation of their interests in order to attain ownership of the process outcomes and eventual compliance with its outcomes” (Brinkerhoff 2002: 1301). Scholars argue that a perception of ownership leads to more effective regulations, and later on, to stronger compliance with the generated rules (Bernstein

<sup>13</sup> “The WCD is a pioneering effort to explore new ways to formulate global public policy in an increasingly complex, potentially conflictive world” (Brinkerhoff 2002: 1302; see also Reinicke/Deng 2000; Khagram 1999; 2004). See Dingwerth (2007: 52-99) for a more critical and differentiated perspective on the WCD.

<sup>14</sup> Dams are major energy providers and are therefore relevant for efforts to reduce CO<sub>2</sub> emissions.

<sup>15</sup> See also Reinicke/Deng (2000); Nelson (2002); Ruggie (2002); Witte/Reinicke (2005); Benner et al. (2005); Andonova (2006).

2005: 151). Third, scholars assume that the network structure of transnational partnerships can provide ample room for deliberation (Risse 2000: 15). Proponents of deliberation argue that such 'arguing' processes can foster effective regulations, because they emerge from a reasoned consensus rather than a bargained compromise (Risse 2000: 15).<sup>16</sup> These theoretical arguments are matched by empirical studies on the WCD, which argue that the WCD has established a constructive dialogue with a high quality of deliberation, resulting in the development of a consensual knowledge base about large dams (Brinkerhoff 2002: 1302; Dingwerth 2007: 95). From this angle, the deliberation process was crucial in creating a consensus on core principles for the future development and evaluation of dams. All in all, advocates argue that the WCD was effective in terms of policy formulation, because it included a wide range of self-interested stakeholders (Khagram 1999). This finding also confirms the argument that the narrow focus of partnerships is an advantage, as it is argued that PPPs break complex governance issues into more specific tasks, which are easier to handle (Reinicke/Deng 2000: 28; Andonova 2006).

Transnational partnerships are therefore seen by some authors as governance instruments that are superior to traditional international regimes (Reinicke/Deng 2000: xvi). Since this is a strong argument, it has to be highlighted that the supporting empirical evidence is limited. Currently, it is rather unclear if partnerships are in fact effective in terms of policy formulation, or even more effective than inter-state regimes. This research gap, at least in part, originates from methodological reasons, because advocates often focus on successful cases but fail to incorporate ineffective initiatives in their research sample (Witte/Reinicke 2005; Reinicke/Deng 2000; Nelson 2002). This case selection can generate biased results (Beisheim et al. 2005: 2). Including private actors in the policy formulation process can also lead to lowest common denominator solutions that are ineffective in order to solve global problems. This occurs because those who have to bear the costs of compliance take part in the policy formulation process, and try to weaken the regulations (Börzel/Risse 2005: 210). As demonstrated by Fritz Scharpf, a large number of participating actors can cause high transaction costs, and may also create serious coordination problems (Scharpf 1997: 70). In sum, from our point of view, it is still an open research question if the inclusion of private actors fosters policy formulation processes through knowledge provision and the generation of ownership, or if there is a trade-off between the participation of a wide range of actors and, on the other hand, the effectiveness of regulations.

### **3.2. Simple performance of transnational PPPs in terms of policy implementation**

Norm and policy implementation is a second crucial function of transnational public-private partnerships. Transnational partnerships are discussed as governance tools to tackle the implementation gap of international politics, which is considered by many scholars as the real challenge in world politics (Kell 2005: 74). Partnerships are therefore discussed as a tool to implement international commitments such as the Millennium Development Goals, the Agenda

<sup>16</sup> See Risse (2000) for the distinction between the modes of 'arguing' and 'bargaining'. See also Section 4.4.

21, or the Dublin Principles that were generated to foster sustainable development (Nelson 2002; Hale/Mauzerall 2004; Conca 2005). Various studies point to examples of partnerships that have effectively fostered the implementation of international agreements, but there is evidence of fairly ineffective partnerships as well. Studies on transnational health partnerships, for instance, reveal that some of them, like the GAVI Alliance, have effectively contributed to the implementation of the Millennium Development Goals (Lu et al. 2006a: 483; Buse/Harmer 2007: 276; Caines 2005: 25).<sup>17</sup> Many of the WSSD partnerships, however, are estimated to be inactive and ineffective (Bäckstrand 2006: 303; Pallemmaerts 2003: 275). To explain the diverging effectiveness of transnational partnerships, PPP literature entails a central argument that refers to the significance of the institutional design of partnerships.<sup>18</sup> In the following, we discuss this argument from the literature in relation to the implementation of CSR norms, with a special focus on a very well known PPP, the United Nation's Global Compact.

Aside from the implementation of intergovernmental norms and agreements, public-private partnerships are debated in the corporate social responsibility literature as an instrument to govern the behaviour of corporations for the improvement of workplace or environmental conditions (Utting 2002: 2; O'Rourke 2006).<sup>19</sup> Corporate social responsibility denotes that corporations have to account for the social and environmental repercussions that result from their profit-seeking actions. Contrary to previous CSR debates, which highlighted state or inter-state regulations, the current CSR discourse concentrates on voluntary self- or co-regulation that can be understood as an alternative or a functional equivalent to public forms of national and intergovernmental governance (Utting 2002).<sup>20</sup> In recent years, transnational multistakeholder initiatives emerged in response to unilateral codes of conduct set by corporations, which tended to be weak and aimed more at public relations than substantial improvements in social and environmental performance of corporations (Jenkins 2001: 2). Such transnational regimes, which express the trend that the locus of authoritative problem-solving that mainly rested with governments and inter-state regimes has shifted to transnational arenas, comprise multiple actors, and involve public-private as well as private-private actor-constellations. The United Nation's Global Compact and the Global Reporting Initiative are public-private partnerships, while, for example, the Social Accountability International (SA 8000), the Worker Rights Consortium, and the Fair Labour Association are private-private initiatives comprised of for-profit and civil society actors (only).

Authors bring forward two dominant arguments to foster compliance with agreed-upon CSR standards. One group of authors points to the significance of explicit performance criteria

<sup>17</sup> The GAVI Alliance is a PPP that aims at fostering immunization in developing countries (GAVI 2005).

<sup>18</sup> See Beisheim et al. (2005, 2007); Huckel et al. (2007); Druce/Harmer (2004); Bäckstrand (2006); Andonova (2006, 2007); Biermann et al. (2007); Witte/Reinicke (2005).

<sup>19</sup> CSR literature is vast. See the special issues of *World Development* 34:5, and *International Affairs* 81:3; Jenkins et al. (2002); Brühl et al. (2004); Cragg (2005); Follesdal/Pogge (2005); Kolk/van Tulder (2006a, 2006b); Utting/Zammit (2006).

<sup>20</sup> Self-regulation means the institutionalized cooperation between business actors alone, whereas co-regulation arises when for-profit actors cooperate with non-profit actors (Pattberg 2005).



and the ability of transnational partnerships to detect and sanction non-compliant behavior (Nolan 2005: 459). A second group of authors emphasizes 'softer instruments', and refers to the importance of legitimacy and social learning to achieve company compliance (Ruggie 2002: 32). Although both groups ascribe significance to the nexus between the institutional design and the effectiveness of partnerships, most scholarly work fails to reflect these arguments theoretically. PPP literature could therefore gain from compliance theories developed by IR specialists (Beisheim et al. 2005).

IR theory points to three modes of social control to explain why agents comply with rules: coercion, self-interest, and legitimacy (Hurd 1999: 383). Coercion and self-interest rely on the 'logic of consequentialism', which asserts that agents are utility maximizers who engage in cost-benefit calculations. Actors who comply with rules because of coercion are motivated by the fear of punishment from a stronger power. Coercion is the foundation of neorealist enforcement-theory in compliance literature, which, in a nutshell, maintains that the cost-benefit calculation of actors has to be manipulated through (the threat of) coercive means to achieve compliance. High costs of rule violations facilitate compliance; thus, credible sanctions and monitoring systems increase the likelihood of compliance (Downs et al. 1996: 379). Compared with such a neorealist account, neoliberal IR scholars point to self-interest as a second motivation for compliance and assume that actors comply because of the belief that compliance fosters their self-interest (Keohane 1984: 65-109). Whereas coercion operates by external restraints on an actor, self-interest involves self-restraint, with actors calculating in response to putative regime benefits. In contrast to these rational choice approaches on compliance, constructivist theorists assume that agents comply because a rule is perceived as legitimate. Thomas Franck suggests that each norm exerts an inherent compliance pull that stems from the legitimacy derived from the 'right process' by which it was constituted (Franck 1990: 16). Other constructivist scholars highlight social learning and deliberation as additional causal pathways through which actors comply with rules (Checkel 2001: 557).

A significant part of the political science literature on corporate social responsibility corresponds with either the rational choice assumptions of neorealism and neoliberalism, or the constructivist notions on compliance. But so far, research has failed to exploit the theoretical knowledge for more sophisticated research designs in which competing hypotheses are tested and the conditions for the effectiveness of partnerships are specified.<sup>21</sup> For example, it is a constantly stated assumption that transnational institutions are more effective in promoting CSR when they create precise performance criteria, have independent monitoring at hand to watch company compliance, and can enforce sanctions in cases of non-compliance (Rodríguez-Garavito 2005: 224).<sup>22</sup> This assumption is very similar to the central premise of enforcement theory: Cases of non-compliance must be tackled through coercive sticks to influence actors' incentive structure. Other scholars challenge the effectiveness of coercion, indicating that softer steering

<sup>21</sup> For an exception, see Beisheim et al. (2005).

<sup>22</sup> See Jenkins (2001); O'Rourke (2003, 2006); Kolk/van Tulder (2006a). Possible sanctions are, for example, the exclusion from the governance system, the termination of contracts, or the denial of certification (Rodríguez-Garavito 2005: 223).

mechanisms such as social learning and deliberative persuasion may be more effective and induce an incremental change on the behavior of companies (Ruggie 2002: 32). In short, both factions point to the importance of the institutional design for the effectiveness of transnational partnerships but disagree about the design features best suited to achieve compliance with CSR norms.

A case in point is the United Nation's Global Compact, which is constantly censured by critical scholars and activists for its 'flawed' institutional set-up that, to paraphrase Chayes and Chayes (1995), lacks any „teeth“ and is therefore seen as an opportunity for companies to bluewash (Nolan 2005: 459).<sup>23</sup> Critics regard corporations as purely rational actors who will, without coercive regulation, only carry out actions that are in their interest. Against this, IR scholar John Ruggie, who was also the Special Advisor to the Secretary General on the Global Compact, indicates that the Global Compact was never intended to be a coercive regulatory regime but a learning forum to diffuse best-practices and to generate policy dialogues on CSR, and was established to complement but not to substitute intergovernmental regulation (Ruggie 2002: 32). Ruggie underlines the significance of social learning and deliberation as instruments to change the behavior of actors, and argues that they may be effective means to internalize the principles in corporations' day-to-day operations. When this approach proves to be effective, human rights norms as well as labor and environmental standards will have become part of the cultural and institutional system in which corporations operate. Compliance is then self-induced, as corporations comply with these norms because they perceive them as legitimate and appropriate. Besides this intellectual case resting on constructivist theory, the soft approach of the Global Compact also has to be seen against the background of some stalwart constraints, because the UN member states lack the political will to adopt a sweeping regulatory regime for transnational corporations, apart from capacity and legal barriers.<sup>24</sup> These constraints should not be disregarded by studies that examine the performance of the Global Compact. It is also important to be aware of the yardsticks against which the effects of the Global Compact are measured, since the performance of inter-state regimes on these issues is also rather weak.

Ian Hurd emphasizes this aspect and states that “the Global Compact is an intriguing piece of constitutional design”, which is better equipped for the promotion of CSR norms than traditional inter-state regimes because its institutional set-up rests upon a novel combination of legitimacy and self-interest (Hurd 2003: 111). First of all, in line with Thomas Franck's legitimacy theory, Hurd argues that the Global Compact norms possess universal legitimacy and induce a strong compliance pull, because they are backed by a broad international consensus and stem from widely accepted international agreements.<sup>25</sup>

<sup>23</sup> The Global Compact is a major CSR initiative launched by the former UN Secretary General Kofi Annan, and encourages the adoption of ten principles, related to human rights, labor standards, environment and corruption. See Kell (2005) for an outline of the Global Compact. For critique, see Utting/Zammit (2006); Brühl (2007).

<sup>24</sup> The UN lacks the capacities to monitor global supply chains. Furthermore the UN has only legal power over its member states but can not apply coercive sanctions on corporations (Ruggie 2002: 32).

<sup>25</sup> From a pragmatic point of view, Hurd contests the argument that broad and voluntary norms are generally bootless as an instrument of progressive change. He argues that minimum standards function

Second, Hurd highlights the role of participating NGOs as norm-entrepreneurs that pursue examples of corporate hypocrisy, engage in public shaming, or boost consumer pressures. Transnational advocacy coalitions, exerting pressure on corporations on the basis of the agreed-upon norms, play a critical role for the effectiveness of the Global Compact, because they provide independent information about the performance of corporations that either can strengthen, or harm the credibility of corporations. Consequently, corporations have a strong self-interest to comply, because they can only expect market-based rewards (since credibility may lead to increased profit) when they are regarded as good corporate citizens. In other words, companies face strong market incentives to maintain brand image when they want to remain competitive on the market.<sup>26</sup> Compared to scholars who stress sticks as a mechanism to regulate partnerships, Hurd indicates that the carrot, in form of reputational benefits, may be a more effective steering mechanism for changing the behavior of business. Rather than coercive regulations, compliance in the service of social and environmental goals may be more effectively achieved through “the ‘soft power’ of public opinion, legitimacy and consumer activism” (Hurd 2003: 108).

This argument - though not made explicitly by Hurd - is strongly based on research by IR authors who have proven the significance of transnational advocacy coalitions for norm implementation and compliance in international human rights and environmental regimes (Risse et al. 1999; Keck/Sikking 1998). Such scholars have specified the conditions under which transnational networks and opposing domestic actors can induce changes toward norm implementation in states. Research on PPPs can gain from such insights, and produce more theoretically informed studies, which could cast light on the conditions under which partnerships are successful and on the question what kind of institutional design renders compliance with CSR norms more effective.<sup>27</sup> Related to the impact of transnational advocacy networks, it is very interesting to look at whether the leverage of instruments used by advocacy networks to encourage compliance (like public shaming) are more striking in regards to companies than to states. States are still able to refer to the doctrine of sovereignty, and thus, can reject attempts to intervene in their internal affairs.<sup>28</sup> Companies, in contrast, are not covered by such a norm, but can strongly be harmed by consumer boycotts, as the cases of Royal Dutch Shell and the Brent Spar oil platform or the corporation’s involvement in human rights abuses in Nigeria have shown. It might turn out that corporations are more vulnerable targets to network pressure, because reputation is an important source of profit for corporations, and hence may be the corporate Achilles’ heel. Otherwise, it must also be mentioned that there are limits to the impact of consumer pressures. Research indicates that consumer activism is likely to be effective for brand corporations and

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as a way to commit corporations to CSR, whereas most corporations would not submit to more explicit or binding regulations, and as a result, would not be open to processes of change at all (Hurd 2003).

<sup>26</sup> See Graham/Woods (2006: 870) for the argument that the brand image is a crucial factor.

<sup>27</sup> Rodríguez-Garavito (2005) explicitly refers to the ‘boomerang model’ of Keck and Sikkink (1998).

<sup>28</sup> This holds true, even though the non-interference norm has eroded since the end of the cold war (Krasner 1999).

those selling directly to consumers, but not for corporations that do not face the mass market, and therefore are not so dependent on their reputation (Haufler 2001: 70; Sikkink 1986).<sup>29</sup>

In this connection, it should not be forgotten that these are open research questions, as we do not know very much about the concrete effects of CSR-promoting PPPs on the behavior of corporations. A number of studies demonstrate that the implementation of CSR norms through PPPs can result in improvements for workers and the environment (Rodríguez-Garavito 2005: 227), but the evidence is mostly illustrative and not conclusive (O' Rourke 2006: 902; Blowfield 2005: 179).<sup>30</sup> Furthermore, there is frequent evidence of anti-social behavior of corporations (Judge 2000: 295; Whitman 2002). Comparative studies that explore the effectiveness of CSR partnerships are rare. In case of the Global Compact, proponents stress that its membership has increased, and that it is becoming more diverse in terms of geography and economic sectors (Kell 2005: 72). However, these are output indicators that do not say much about effectiveness in terms of problem-solving (Young 1999: 99).<sup>31</sup> A study conducted at the request of the Global Compact office by McKinsey & Company concludes that 40 percent of the corporations have – due to their participation – accelerated management reforms, related to the norms of the Global Compact (McKinsey & Company 2004: 3; Brühl 2007: 153). For critics, these findings underline that best-practice learning has only a limited effect on corporate policy, and that the scale of free-riding corporations is fairly high (Utting/Zammit 2006: 28; Brühl 2007: 154). Other authors consider the results of the study differently, and find them rather encouraging (Thérien/Pouliot 2006: 65-66). Considering these diverging perspectives, an independent evaluation of the Global Compact would be helpful to receive more conclusive evidence of its effects on corporate policies.

In sum, the institutional design of partnerships is discussed as an important factor for the effective implementation of norms and policies, but contemporary studies are rather under-theorized, and suffer from methodological problems. The shortcomings of research on CSR partnerships mirror the present stage of the research program on partnerships more generally, which concentrates on hypothesis-generating instead of hypothesis-testing. To specify the conditions under which partnerships are effective governance instruments, systematic comparative research that provides the opportunity to test alternative theoretical explanation is imperative. Theories of international institutions, such as the debated compliance theories, can provide the analytical frameworks necessary to examine the effectiveness of transnational PPPs systematically (Beisheim et al. 2005: 3).

<sup>29</sup> It is therefore not accidental that tankers owned by brand-name corporations such as Exxon-Mobil are often safer than those owned by anonymous companies (Mitchell 1994).

<sup>30</sup> For some evidence of such improvements, see Jeffcott/Yanz (2000); Jenkins (2001); Kemp (2001); O'Rourke (2003; 2006); Barrientos (2005); Prieto-Carron et al. (2006).

<sup>31</sup> This bears on David Easton's (1965) well known distinction between output, outcome and impact (Young 1999).

### 3.3. On the complex performance of transnational public-private partnerships

Researchers focus commonly on individual PPPs and examine if they achieve their objectives, that is, simple performance. Compared with this, little research is conducted that concentrates on complex performance, which is a broader concept that takes the unintended side-effects of institutions into account. One major concern that is raised in this context relates to the recent proliferation of partnerships. Some scholars argue that the emergence of partnerships could have serious unintended implications, because their emergence is leading to the fragmentation of global politics and signifies the abdication of state-actors' responsibility to provide public goods and foster sustainable development. Concerning the environmental sector, Pallemmaerts criticizes that the WSSD partnerships are inaugurating a "multilateralism à la carte in a global multistakeholder bazaar", which enables corporations to choose arrangements that serve their own self-interests but not the common good, and which will also reduce the political pressure on state actors to create more binding regulations (Pallemmaerts 2003: 286; Hale/Mauzerall 2004: 223). Utting presents this argument for the field of CSR more generally, in which many voluntary CSR partnerships have emerged that have provided a soft alternative to harder international regulations of business. As pinpointed by the author, when the UN Sub-Commission on the Promotion and Protection of Human Rights created and adopted the „Norms on the Responsibilities of Transnational Corporations and Other Business Enterprises with Regard to Human Rights“, business lobbied against these international norms and explained that they were unnecessary because voluntary CSR initiatives, in particular the Global Compact, already existed (Utting 2005: 384; Utting/Zammit 2006: 27-28). It has to be underlined that this is an unintended side-effect, as the Global Compact emphasizes that it aims at complementing but not substituting interstate regulation (Ruggie 2002: 32). Generally speaking, it can be a problem, when business interests use the existence of voluntary regulations provided by partnerships as an argument to lobby against stricter regulations (Utting/Zammit 2006: 27). All in all, the rise of partnerships may therefore challenge the authority of state actors, especially of international organizations like the United Nations. Furthermore, partnerships could even induce a retreat of state actors from the provision of essential tasks such as the regulation of the social and the environmental sector (Bäckstrand 2006: 298). While this assumption has not yet been systematically examined, future research should place attention on this concern.

Other authors express related concerns about the increasing fragmentation of the global development landscape and highlight some major problems. Since partnerships usually concentrate on single issues, their objectives may not overlap but distort the long-term goals of international organizations. An increasing amount of donor funds is disbursed through partnerships, outside of the traditional international organizations (Delcour/Vellutini 2005: 4). This contains the danger that the budget of the respective international organizations will be further reduced and channelled through PPPs with a focus on narrowly-defined issues.<sup>32</sup> As a result, partnerships may undermine the efforts of international organizations to establish core in-

<sup>32</sup> It is therefore a very important question if partnerships will attract additional development funds, or if they will rather redirect development assistance (Hale/Mauzerall 2004: 223; Delcour/Vellutini 2005).

infrastructure programs such as national health care systems, or a clean water and energy supply. For instance, scholars assert that the recent proliferation of health partnerships has caused significant changes in global health strategies, since the focus in “global health interventions has shifted away from general preventive measures (...) towards the prevention and treatment of specific communicable diseases” (Lele et al. 2005: xi). This change in global health politics towards a few communicable diseases with cross-border spill-overs entails the risk that the international community will fail to build up the capacity of the health systems of developing countries, which is crucial because a core infrastructure is regarded as essential to sustain the positive effects of disease specific partnerships (Lele et al. 2005: xi). In other words, the narrow focus of PPPs on specific governance problems may be beneficial in terms of simple performance, but could provoke negative side-effects, and thus, could be dysfunctional in terms of complex performance.

Moreover, there is the discussion that health PPPs have placed tremendous pressure on developing countries, because the fragmentation of the global development system has resulted in poor coordination and duplication among aid initiatives (Lele et al. 2005: 2; Buse/Harmer 2007). There is the risk that the sheer number of PPPs can overwhelm the extremely scarce capacity of developing countries, as PPPs often call for the establishment of new structures or procedures. Since PPPs can therefore cause high transaction costs for developing countries, who must address a large number of other development challenges, there is the risk that partnerships will slow down the progress of other donor programs, or the progress of recipient countries in general. Scholars argue that recipient countries are put under serious stress, especially poor countries that depend strongly on aid (Lele et al. 2005: 55). It is furthermore purported that this problem is further increased because the proliferation of health partnerships has challenged the advisory and coordination functions of international organizations, such as the World Health Organization (WHO). Studies argue that the capacity of WHO is severely stretched at the country level and that the agency is not able to provide the necessary support for the programs of partnerships in recipient countries (Lele et al. 2005: xvii; Buse/Walt 2002). There is the concern that partnerships reflect the organizational preferences of public and private donors rather than the institutional needs and capacities of developing countries, or those of the supportive international organizations. Partnerships particularly in the health sector are thus admonished to reduce transaction costs, harmonize their procedures with the other donors, and align their projects with the country systems (Garrett 2007: 23; Buse/Harmer 2007: 267; Lele et al. 2005).<sup>33</sup>

Finally, there are concerns about the sustainability of partnerships’ effects, because PPPs lack the permanent authority, long-term financial backing, and therefore the continuity needed to address complex global problems in the long run (Forman/Segaar 2006: 209). Because some major partnerships rest on the finance of a few high-profile philanthropic donors such as the Bill and Melinda Gates Foundation, or on the commitment of a few transnational corporations, PPPs may be short-lived, while the need for poverty alleviation programs, clean water or drug and vaccine provision will persist. One study, for example, shows that the Gates Foundation is

<sup>33</sup> Yet, studies on the Global Fund to Fight AIDS, Tuberculosis and Malaria show that the implementation record of weak states was no worse than the one of stronger states (Lu et al. 2006b; Radelet/Siddiqi 2007).

the single largest donor of nine major partnerships in the health sector, entailing the danger that these partnerships may simply collapse when the Gates Foundation stops this financial support (Buse/Harmer 2007: 267). Cautions about sustainability are also based on the premise that a substantial business participation in partnerships depends on the question whether partnerships are designed as profitable business endeavors, and thus, that the engagement of profit-seeking actors will only last while there are market benefits to gain. In the water sector, for example, some major corporations have withdrawn their investments in low-income countries, leaving behind an infrastructural gap, which might be difficult to fill in the short-term (Utting/Zammit 2006: 26). The provision of water through partnerships can also have negative side-effects in terms of equity, as the poor may not be able to afford the services provided through PPPs (Buse/Harmer 2007: 267).

To sum up, research should not only address the simple performance of transnational partnerships, but should keep an eye on the complex performance of these governance instruments as well. The rise of transnational PPPs has surely led to a more fragmented and uncoordinated global arena, wherein authority is exerted by a multitude of state and non-state actors. Though PPPs are intended to supplement rather than replace traditional intergovernmental organizations, and although some of them have already proven to be effective governance instruments, partnerships could have serious negative side-effects that might distort (inter-)state policies. Future research should examine this issue.

#### **4. On the legitimacy of transnational public-private partnerships**

In this section, we survey the PPP literature in terms of legitimacy. When we use the term legitimacy in the following, we refer to *input* legitimacy, which concerns the participatory quality of a decision-making process. Input legitimacy is generated if actors who are affected by a decision have an input in the decision-making process. *Output* legitimacy, on the contrary, refers to effective problem-solving. If an outcome of a policy decision serves the public good and is effective in tackling a problem, it attains output legitimacy (Scharpf 1999: 16). Output legitimacy can thus compensate for a deficit in input legitimacy, while, on the other hand, low output legitimacy in terms of ineffective policies demands a higher input from those affected by a decision.<sup>34</sup> Since the literature on the effectiveness of partnerships was already portrayed in the previous section, in the following, we focus on input legitimacy.

##### **4.1. Discussing the legitimacy of non-state actors**

Transnational public-private partnerships raise significant questions of legitimacy, because non-state actors are directly involved in political steering, and thus possess a substantial influence on policy making. As Claire Cutler and her colleagues have put it, private actors are

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<sup>34</sup> This is not to say that input legitimacy is not a virtue in itself.



“increasingly engaged in authoritative decision-making that was previously the prerogative of sovereign states” (Cutler et al. 1999: 16; Hall/Biersteker 2002). While the emergence of transnational partnerships is usually interpreted as a shift from sovereign to private authority (Bull/McNeill 2007: 2), opinion is deeply divided on what this change means for the legitimacy of global governance. One group of authors views partnerships as a tool to counter the participation gap of world politics; Reinicke predicates that it is “immediately obvious that the involvement of non-state actors itself contributes to a reduction in the democratic deficit” (Reinicke 1998: 101). Yet, this argument marginalizes the fact that the transfer of authority from elected governments to non-state actors leads to a dissolution of the division between the public and the private sphere. As a result, the basic democratic principle of congruence between actors who make political decisions and those who are affected by them is being increasingly violated. Karl Kaiser argued more than 35 years ago that the growing relevance of transnational actors weakens the legitimacy of world politics (Kaiser 1971: 370). TNCs and international NGOs lack legitimization through elections, and this is precisely why many studies argue that their involvement in collective decision-making constitutes serious accountability problems (Ottaway 2001: 265; Brühl 2007: 156). A skeptical position on the legitimate governance beyond the state is also presented by Scharpf, who uses benchmarks of legitimacy that originate from domestic political systems for an appreciation of the legitimacy of global governance.<sup>35</sup> Scharpf argues that input legitimacy is unavoidably low beyond the nation-state, because a collective identity as a precondition for electoral democracy is absent in world politics. Legitimacy at the global level has to be derived through effective problem-solving, that is, output legitimacy (Scharpf 1999: 28).

While we argue against Reinicke that the inclusion of non-state actors will by no means lead to an immediate reduction of the participation gap in world politics, we would likewise reject state-centric legitimacy concepts for the evaluation of legitimacy at the global level. Instead of accepting the argument that the legitimacy of global governance is inherently low, from our viewpoint, research should attempt to explore alternative mechanisms that strengthen the input legitimacy of transnational institutions, and ensure that actors affected by political decisions have a say in the decision making process (Wolf 2000: 213-230; Keohane/Nye 2003: 386; Risse 2006). While political science lacks a coherent theory of legitimate global governance, IR literature points to three mechanisms through which the input legitimacy of global governance can be enhanced: inclusiveness, accountability, and deliberation (Dingwerth 2007: 38-48).<sup>36</sup>

First, the input legitimacy of transnational partnerships can be advanced through the inclusion of actors that are significantly affected by collective decisions in the decision-making process. The scope of participation relates to the question of whether all affected actors are included in the decision-making processes of transnational partnerships, whereas the quality of partici-

<sup>35</sup> Scharpf’s study is on the supranational polity of the European Union but it should be even more valid for global governance structures without supranational authority and without a global identity of world citizens.

<sup>36</sup> On transnational democracy, see Held (1995); Dryzek (1999); Keohane/Nye (2003); Held/Koenig-Archibugi (2005); Benz/Papadopoulos (2006); Risse (2006); Wolf (2000; 2006). See Dingwerth (2007) and Bäckstrand (2006) for applications of these concepts on transnational partnerships.



pation refers to the question whether included actors have equal opportunities to participate. A second way to enhance input legitimacy is to establish accountability mechanisms. Accountability relates to the question of who is entitled to hold power wielders accountable. Keohane distinguishes between internal and external accountability; while internal accountability refers to authorization by principals to agents who are institutionally linked to one another – democratic governments are accountable to their citizens, corporations to their shareholders –, external accountability means that “organizations are held accountable not to those who delegated power to them, but to those affected by their actions” (Keohane 2006: 79). Accordingly, the institutionalization of internal and external accountability mechanisms can enhance the input legitimacy of partnerships. Third, advocates of deliberative democracy argue that deliberation increases input legitimacy (Risse 2006: 192; Wolf 2000). Legitimacy, in a nutshell, is generated if all actors who are affected by a decision participate in a non-coercive and argumentative process and achieve a reasoned consensus instead of a bargained compromise that mainly reflects the bargaining power of the participating actors.<sup>37</sup>

In line with the majority of IR specialists, we would not claim that the democratic deficit of transnational governance can be overcome entirely through the institutionalization of the three mechanisms in transnational PPPs. Nevertheless, we would argue that these mechanisms can foster the input legitimacy of transnational institutions (Wolf 2000: 213; Risse 2006).<sup>38</sup> We would accordingly reason that the legitimacy of partnerships – just as their effectiveness – depends to a significant extent on their institutional design (Keohane 2002: 16; Brühl/Liese 2004: 185; Beisheim et al. 2005). In the following, we survey the PPP literature along the dimensions of inclusiveness, accountability, and deliberation, and present the empirical findings of the literature in terms of the input legitimacy of transnational PPPs.

#### **4.2. Inclusiveness of transnational public-private partnerships**

The input legitimacy of PPPs can be advanced if those who are affected by a collective decision are formally included in the decision-making process, and if they actively give input into the decision-making process. The inclusiveness of partnerships can consequently be assessed along the two dimensions of scope and quality of participation (Dingwerth 2007: 38). In terms of scope, we found two main findings in the PPP literature. First, affected actors are by tendency underrepresented in partnerships, though there are also counterexamples that have included a wide range of stakeholders. Second, a lack of resources may impede access to partnerships.

First, Buse and Harmer’s study of 23 transnational health partnerships reveals that these partnerships fail to provide affected actors a voice in their decision-making bodies (Buse/Harmer 2007: 262). Governments of developing countries are poorly represented in many of these partnerships, the representation of publicly mandated organizations such as WHO is also limited,

<sup>37</sup> On deliberation, see Habermas (1992); Müller (1994); Elster (1998); Dryzek (1999); Risse (2000).

<sup>38</sup> This implies that one has to accept a devaluation of traditional legitimacy concepts.

and NGOs that typically claim to be mandated by affected actors are least represented in the governing bodies. The corporate sector, on the contrary, has the greatest participation and is overrepresented, which is in disagreement with its rather modest financial contributions, compared to contributions of state actors and foundations.<sup>39</sup> In short, Buse and Harmer point to an unbalanced representation, wherein the underrepresentation of southern actors is especially evident. Various other studies demonstrate that transnational partnerships have the tendency to replicate the imbalances of geographical representation encountered in intergovernmental forums, in which powerful northern actors dominate. In relation to the Type 2 partnerships launched at the WSSD, Hale and Mauzerall indicate that most partnership activity was driven by a handful of industrialized country governments, international organizations and northern NGOs, while governments from developing countries lead only a small percentage of the WSSD partnerships (Hale/Mauzerall 2004: 230).<sup>40</sup> Additionally, the WSSD partnerships display a profound lack of grassroots participation from developing countries, and this is exactly why Andonova and Levy conclude that the Type 2 partnerships reflect the capabilities of northern actors but not the needs of developing countries (Andonova/Levy 2003: 19).<sup>41</sup> In contrast to this, there are also examples of partnerships that have included a wide range of stakeholders and that have established a balanced decision-making system, giving northern and southern actors an equal opportunity to participate. The Global Fund to Fight AIDS, Tuberculosis and Malaria (Global Fund) is based on a balanced system in which developing countries and NGOs have strong formal representation in its supreme governance body (Radelet 2004: 11; see also Buse 2004: 234). As we have already pointed out in section 3, the World Commission on Dams is also seen as a partnership that has ensured a broad participation (Khagram 1999: 8). With regard to the scope of participation, findings are therefore mixed, which underlines our general argument that the legitimacy of PPPs hinges to a certain extent on their institutional design.

Second, the literature shows that a lack of resources can prevent actors from participating in partnerships. One problem, highlighted in empirical studies, refers to the travel costs for meetings, which in some cases must be borne by the home institution or the delegate him- or herself. In some partnerships, participation is also bound to membership fees, and even if NGOs can pay reduced fees, a grassroots level NGO from a developing country will be less able to afford such fees than powerful northern actors. Both aspects, membership fees and travel costs, can lead to an imbalanced geographical representation (Andonova/Levy 2003: 26; Hale/Mauzerall 2004: 232). Partnerships should therefore grant more financial support to southern actors to improve their participation in PPPs.

<sup>39</sup> Developing countries are represented with an average of 17% in Buse and Harmer's sample. The percentages of international organizations and NGOs amount to 7% and 5%, while the percentage of the corporate sector is 23% (Buse/Harmer 2007: 262).

<sup>40</sup> Only 6% of these PPPs were initiated by governments of developing countries (Bäckstrand 2006: 299).

<sup>41</sup> It is worth mentioning that, in contrast to the health sector, the participation of corporations in the WSSD partnerships is low. Furthermore, corporations account for only 1% of the financial sources of the WSSD PPPs (Hale/Mauzerall 2004: 231). As highlighted by Bäckstrand (Bäckstrand 2006: 299), this empirical finding contradicts the recurring argument that partnerships signify the privatization of world politics (Brühl et al. 2001; Brühl 2007).

Concerning the quality of participation, it has to be highlighted that studies that carefully track the influence of the different stakeholders on governance processes are hardly available. While it is relatively easy to assess to what extent the different groups of actors are formally included in a PPP, their concrete influence on decision-making is harder to determine. It is for this reason unclear if, for instance, developing countries have a substantive influence within partnerships, or if – as claimed by some authors – powerful western donors and transnational corporations dominate the decision-making processes, while NGOs and southern countries are sidelined in partnerships (Brühl 2007: 156; Zammit 2003). The main point is that the current evidence about the quality of participation is anecdotal, which makes it impossible to draw strong conclusions about the quality of participation.<sup>42</sup> Apart from this general statement, we found two main conclusions in the literature. The first aspect relates to the questions of who is entitled to decide about inclusion and exclusion of stakeholders, and who is entitled to define stakeholder categories. As Dingwerth's study shows, the definition of stakeholder categories is a contentious step that is often based on elusive processes and arbitrary choices (Dingwerth 2007: 126). In case of the Global Reporting Initiative (GRI), which aims at harmonizing the reporting on non-financial performance of organizations, governments were not identified as a key stakeholder category, although they definitely have a stake in this issue. Waddell therefore states that governments were "purposefully excluded" from GRI (Waddell 2002: 24), a statement that illustrates the significance of the power to appoint the participating stakeholders. Moreover, labor was accepted as a key stakeholder group in the GRI, and was accordingly able to obtain a strong position in the PPP. This classification of labor as a separate stakeholder group is considered as surprising by studies, because labor groups are, in most PPPs, treated as part of the civil society constituency, yet in the case of the GRI, separate categories for labor and civil society were created (Dingwerth 2007: 125). This strengthened the influence of labor in the GRI, which in turn caused contentious internal debates. Dingwerth therefore argues that "the selection and definition of stakeholder groups is based on deliberate choices that have far reaching consequences for the whole decision-making process of the GRI" (Dingwerth 2007: 125; Brühl 2007: 156).

With regard to the quality of participation, a second factor comes into view that can hinder an active participation, especially the participation of actors with weak resources, such as southern actors from developing countries. Even when southern actors are included in the governance bodies of transnational partnerships, their ability to participate substantially can be hampered by resource constraints. A small size of delegations, the inability to attend to all meetings, and a frequent rotation among delegates can impede the ability to influence governance processes. Language barriers can be another reason why representatives from the South are often far less active in board meetings of PPPs than their northern counterparts (Hale/Mauzerall 2004: 232;

<sup>42</sup> For instance, Brühl argues with regard to the Global Compact that there is no institutional mechanism through which the recommendations of NGOs have to be reflected. While the process is driven by corporations, NGOs are only "junior partners at best" (Brühl 2007: 153). On the other hand, the Global Fund is usually seen as an example of a PPP in which civil society actors have a strong voice in board meetings (Radelet 2004). The Global Fund has also strongly supported the production of generics (Wulf 2004: 134), which contradicts the assumption by some critics that PPPs are a mere vehicle to promote business interests.

Buse/Harmer 2007: 263; Raines 2003: 62). Consequently, southern representatives can have problems coping with the plethora of information and the complexity of topics dealt with. Furthermore, voting rights can be tied to particular institutional capacities. With regard to the ISO 14000 standards, which were created by the International Organization for Standardization (ISO) to boost environmental management systems in corporations, Clapp demonstrates that many developing countries have only observer status in the ISO because they lack the capacity needed for full voting rights (Clapp 1998).

To sum up, several studies point out that affected actors, such as governments from developing countries, are underrepresented in partnerships. On the other hand, there are also counterexamples of PPPs that have included a wide range of stakeholders. Yet, resource constraints can hinder the scope, and, as we have shown, also the quality of participation. From this angle, powerful northern actors are in an advantageous position compared to resource-constrained southern actors. Although we lack systematic studies that analyze the quality of participation, it seems reasonable to argue that northern actors have the greater potential for a substantive participation. This result points to the fact that PPPs have the tendency to replicate the imbalances of geographical representation encountered in intergovernmental arenas (Reinicke et al. 2000: 77).

#### **4.3. Accountability of transnational public-private partnerships**

Including private actors in collective decision-making constitutes a problem for the legitimacy of global governance in the first place, as these actors are not legitimized through elections. While NGOs may, to a certain extent, legitimately claim that they represent public interests, the situation is made even more complicated when for-profit actors such as transnational companies are included, because they are primarily driven by profit-seeking motives and possess a strong bargaining power.<sup>43</sup> In this context, external and internal accountability mechanisms are debated as a second way to increase the input legitimacy of transnational partnerships. However, as we have already pointed out, from a normative angle, external accountability mechanisms matter most, as they assure that decision-making actors act according to the interests of those who are affected by a decision (Keohane 2006: 79, Benner et al. 2005).

A critical precondition for external and internal accountability is transparency, since decision-making actors can only be held accountable if accurate information on the governance process is available (Steets 2005: 12). If transparency is absent, partnerships can “create the illusion of progress, giving corporations and governments positive publicity without resulting in concrete steps toward sustainable development” (Hale/Mauzerall 2004: 226). Empirical studies reveal mixed results on the transparency of partnerships. Various studies criticize the WSSD partnerships for their weak transparency because less than a third of them have a website and an

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<sup>43</sup> See Beisheim (2005) on the crucial question to what extent NGOs are legitimate actors of global governance.

institutionalized reporting mechanism to inform the stakeholders. Barely 50 percent have an internal monitoring to track their progress (Hale/Mauzerall 2004: 227). Although the Commission on Sustainable Development has stressed the need to monitor the progress of the WSSD partnerships, monitoring is still voluntary, and only 20 percent of the WSSD partnerships have provided progress reports to the Commission (Andonova/Levy 2003: 22; Bäckstrand 2006: 300). Yet there are also counterexamples of very transparent partnerships. The Global Fund and the GRI are generally viewed as highly transparent (Radelet 2004: 8; Dingwerth 2007: 133). The Global Fund, for example, has committed itself to high transparency standards in its grant making and financial disbursements, and has also institutionalized instruments to disseminate most of the other relevant information, including minutes of board meetings (Lu et al. 2006b: 487).

Though critical to achieve accountability, the contribution of transparency for controlling the actions of the decision-making actors in PPPs should not be exaggerated. At the end of the day, the ability of the affected actors to hold the supreme governance body of a PPP accountable is the most striking factor for generating external accountability. While there are partnerships, such as the Global Fund and the Global Reporting Initiative, that have institutionalized stakeholder forums, which include a wide range of actors, all these forums lack the power to hold the supreme governance bodies accountable. To demonstrate this, the degree of external accountability institutionalized in the Global Reporting Initiative is high compared to most other partnerships because its stakeholder council can even elect the supreme governance body, and is therefore able to exert some control on the general direction of the PPP. Yet the stakeholder council lacks the authority to directly influence the decision-making of the board (Dingwerth 2007: 131). As the external accountability standard of the Global Reporting Initiative is relatively high, the current findings suggest that partnerships demonstrate a potential to exhibit external accountability, but that strong formal accountability mechanisms are absent in PPPs.

Apart from such formal means, empirical studies point to the significance of informal accountability mechanisms to control decision-makers in partnerships. As demonstrated in some studies, the participation of specific actors can be so critical for the success of a partnership that these actors retain power in decision-making processes through their ability to threaten the revocation of their support when their interests are ignored. In the case of the Global Alliance for Workers and Communities, scholars argue that the inclusion of a specific NGO was important for this CSR partnership because the respective NGO was seen as a credible actor that granted legitimacy to the partnership (Radovich 2006). The withdrawal of the NGO could have put the whole partnership at risk. Thus, scholars argue that this NGO had a relatively effective informal accountability mechanism at its disposal (Radovich 2006).

#### 4.4. Deliberation in transnational public-private partnerships

The concept of deliberative democracy is increasingly debated as a model to improve the input legitimacy of inter- and transnational governance.<sup>44</sup> One theoretical argument in relation to such ‘arguing’ processes in transnational partnerships is that the network nature of partnerships can give ample room for arguing. “Nonhierarchical and networklike international institutions characterized by a high density of mostly informal interactions should provide the structural conditions in international relations to allow for discursive and argumentative processes” (Risse 2000: 15). Although a lively theoretical and empirical debate on deliberative democracy goes on, empirical studies that analyze the validity of the above mentioned theoretical notion about the conduciveness of partnerships for arguing are rare. An exception is a number of studies on the World Commission on Dams that show that a high degree of deliberation has taken place in the Commission, the supreme governance body of the WCD (Dingwerth 2007: 88; Brinkerhoff 2002: 1298). On the question under which conditions the mode of arguing instead of bargaining becomes the dominant mode of communication, the studies confirm findings that research on intergovernmental negotiations has revealed (Checkel 2001: 536). Institutionalized small-sized meetings behind closed doors have favored arguing and were crucial in the consensus-building process of the WCD (Dingwerth 2007: 90). Another factor said to be conducive for arguing is strong leadership of credible actors that are perceived as impartial and dedicated to a cause (Ulbert/Risse 2005: 358). Scholars point out that the WCD Chairman Asmal has played a critical role for consensus-building, because Asmal has exerted strong leadership combining credibility with competence and decisiveness (Dingwerth 2007: 88). It is noteworthy that there are tensions between inclusiveness and transparency on the one hand, and deliberation on the other. As in the case of the WCD, closed settings, in which hand-selected actors can freely exchange arguments and are able to change their preferences more easily than in public discourses, contradict inclusiveness and transparency standards. This aspect illuminates the problem of legitimacy in transnational governance. All in all, the core outcome of this section is that research has only started to explore arguing processes in PPPs. Generally speaking, it is unclear if PPPs are conducive for arguing; it might as well be possible that difficulties arise for finding a reasoned consensus when highly antagonistic actors, such as NGOs and TNCs, meet each other in PPPs.

<sup>44</sup> See Müller (1994); Wolf (2000); Risse (2000; 2006).

## 5. Conclusion: Transnational public-private partnerships in world politics

In this article, we set out to present an overview of the contemporary research program on transnational partnerships. Their proliferation expresses the contemporary reconfiguration of authority in world politics, which poses essential questions on the legitimacy and the effectiveness of global governance. As indicated in our overview, the research program on transnational partnerships is still at an early stage. Currently, we lack theoretically informed studies that cast light on the conditions under which partnerships emerge, and under which conditions they are effective and legitimate governance tools. As much work on partnerships suffers from insufficient research designs, generalizations remain problematic. More comparative research is imperative to attain conclusive evidence about partnerships, and as PPP research is, at present, theoretically rather under-informed, IR theories provide the analytical frameworks necessary to conduct hypothesis-testing studies.

With regard to the emergence of PPPs, we have pointed out that the popular functional argument – changing structures lead to widening governance gaps that create a functional demand for partnerships – has been contested by empirical studies. Another popular approach explains the formation of PPPs with reference to incentives, arguing that the self-interest of actors to gain additional resources is a major driver for their formation. In this context, we pointed out that research on transnational partnerships can benefit from studies on national PPPs that have applied institutional economics to indicate what kind of incentives work on the micro-level. Concerning effectiveness and legitimacy, we have highlighted the importance of the institutional design on the effectiveness and legitimacy of transnational partnerships. Regarding the effectiveness of partnerships, we have shown that it is currently unclear if a broad inclusion of stakeholders fosters effective policy formulation, or instead leads to lowest common denominator solutions. With regard to policy implementation, we have demonstrated on CSR promoting partnerships that authors underline the relevance of the institutional design for the implementation of norms and policies but disagree about the design features best suited to fulfill this task effectively. IR theories, such as the compliance theories introduced above, can be fruitfully applied in order to examine the conditions under which partnerships are effective governance instruments. As stressed in the course of the article, these conditions are currently rather unclear. Furthermore, future research should not only examine if single partnerships achieve their objectives – a concept of effectiveness that we have labeled simple performance – but should keep an eye on the unintended side-effects of partnerships as well. This problem is captured through the broader concept of complex performance. As the review has shown, partnerships can possibly have serious unintended side-effects, such as the fragmentation of global politics that could challenge the authority of state actors and may even distort the policies of state actors. In other words, although partnerships can score highly with regard to their simple performance, unintended side-effects can possibly offset their achievements and hinder the efforts of state actors to tackle global challenges. This should be kept in view.

Concerning the legitimacy of partnerships, we have surveyed the PPP literature along the three dimensions of inclusiveness, accountability and deliberativeness. With regard to inclusiveness,

studies reveal that affected actors tend to be underrepresented in partnerships. While there are definitely counterexamples of very inclusive PPPs, transnational partnerships tend to replicate the geographical imbalances known from intergovernmental arenas. Studies also clarify that partnerships lack strong accountability mechanisms to hold power-wielders accountable. Mechanisms through which affected actors can control the decision-making in the supreme governance bodies of PPPs are largely absent. As we have demonstrated with the Global Reporting Initiative, partnerships currently at best reveal a potential for strong accountability means. Finally, relating to the deliberation processes within PPPs, our overview has shown that research has only started to examine the conduciveness of partnerships for deliberation, and that much more empirical work is necessary to draw any strong conclusions. Generally, two aspects in our view are crucial for further research on partnerships. First, the standards of comparison for transnational partnerships should not be ideal-types of political institutions that are highly effective and legitimate, but rather interstate regimes, which in many instances do not perform perfectly. Second, questions about the legitimacy and effectiveness cannot be judged in general terms; the problem-solving and legitimate quality of transnational partnerships rather depends on their individual institutional set-up.



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## Research Project D1

The project investigates the conditions for the institutionalization and success of transnational public-private partnerships (PPPs) for the provision of public goods in areas of limited statehood. We examine PPPs in the areas of environment, health, and social rights. Our analysis is based on a comparative research design. Systematic case studies allow us to test hypotheses that we deduce from International Relations literature, in particular from theories of international cooperation and compliance theories.

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Governance has become a central theme in social science research. The Research Center (SFB) 700 *Governance in Areas of Limited Statehood* investigates governance in areas of limited statehood, i.e. developing countries, failing and failed states, as well as, in historical perspective, different types of colonies. How and under what conditions can governance deliver legitimate authority, security, and welfare, and what problems are likely to emerge? Operating since 2006 and financed by the German Research Foundation (DFG), the Research Center involves the Freie Universität Berlin, the University of Potsdam, the European University Institute, the Hertie School of Governance, the German Institute for International and Security Affairs (SWP), and the Social Science Research Center Berlin (WZB).

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